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## A Question of Class

At the 1997 Labour Party Conference, Tony Blair announced that “*the class war is over*”. He did not say how it was over and who had won, but to use New Labour speak, a line was to be drawn under the use of the word “*class*” in political discourse.

The art or artfulness of capitalist politics is to pretend a political question does not exist. Much of New Labour’s rhetoric over the last decade has been to convince the electorate - the majority of whom are made up from the working class – that the question of class, and its bearing on the way workers lead their lives or could lead their lives, no longer has any relevance. In New Labour’s utopia, meritocracy and social mobility has replaced the barrier imposed by class and, if you have ability and use it to the full, then you will go to the top.

The political strategy used by Labour to write out class from political discussion is simple. Poverty is defined in terms of gender and ethnicity. Those living in “*sink estates*” are written off as “*the underclass*” while the remaining section of the working class become “*the hard working families*” of the ‘middle class’ applauded by the DAILY MAIL. Those using the terms “*class*”, “*class relations*” and “*class struggle*” are derided as relics of the cold war.

The slippery way politicians have evaded the question of class came to the fore at the TUC Conference in September 2008. Ms Harman addressed the conference, and said that inequality in Britain was “*stubborn and persistent*” despite a decade of Labour Government. But she backed down by not saying that this was caused by class, even though she had mentioned it in her press release.

The DAILY MAIL (11 September 2008) was quick off the mark by getting a rent-a-quote from Conservative equalities spokesman, Theresa May, who said that: “*trying to move the agenda on to class and background is outdated from the real issues facing people in the country today*”. Of course, it conveniently escapes the attention of Theresa May that the real issue facing the working-class majority today is that capitalism cannot meet their needs. The wages system is a form of rationing which means that what workers need to live decent and worthwhile lives, and what they actually can afford on their wages and salaries, are two completely different things.

Workers also have to endure being lectured to by governments and the media for being too greedy when asking for pay rises, and too lazy when not working as hard as the employers would like them to work. When the going gets tough, it is the working class who are expected to take the pain. In the current economic depression, it is workers who are taking pay-cuts, forced into part-time working or losing their jobs altogether.

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Conveniently for politicians and the media, failure is perceived to be no longer to do with class but due to the personal failing of the individual. In a meritocracy, you can go as far as your talents will allow. If you end up just being just “*another*” it is your fault not the systems.

## **Class and class struggle is alive and well**

This witless view of class can be seen in the Channel 4 television programme, MILLIONAIRE MISSION, where capitalists go out incognito to single mothers existing in a run down council estate, or those living in shop doorways at night, and come up with a business plan to pull the poor up by their bootstraps.

It is not as though New Labour or the media have any clue to what constitutes class in capitalism nor what generates the class struggle. Class, for New Labour, is where you were educated, where you live and how you speak. It certainly is not a social relationship to the ownership of the means of production.

For an understanding of class, class struggle, and the means of production, you will have to go to the writings of Karl Marx.

Marx used the term ‘*forces of production*’ to refer to the specific organisation of economic production in a given society. The forces of production includes the *means of production* used by a social system like capitalism, such as factories and other facilities, machines, and raw materials. It also includes social labour and the organisation of the labour force. The term *relations of production* refers to the relationship between those who own the means of production (the capitalists) and those who do not (the workers).

Capitalism has the potential to meet the needs of all society, but the objective of capitalism is not to meet people’s need but to make a profit. Capitalism deliberately under-produces – restricting production to what can be sold on the market, irrespective of poverty, starvation and death. Marx said capitalism was a “*fetter on production*” because it held back the forces which could create a world of abundance rather than deliberate and artificial scarcity.

The result of the antagonistic clash - between the development of the forces of production and the conservative nature of the relations of production under capitalism - is periodic crisis, trade depressions and unemployment, and the class struggle. For Marx, the class struggle was not only a political struggle but it was also the motor force of history.

## **The class struggle is not over**

The day after Harman’s TUC speech, THE INDEPENDENT's editorial lectured its readers by telling them that the class struggle was over since “*it’s all about social mobility*”. THE INDEPENDENT (11 September 2008) believes that the class struggle has been won, on the spurious grounds that:

*An individual’s accent, or the reputation of their alma mater, are not the barriers to economic achievement and social prestige that they were 20 or 30 years ago.*

Let us leave fantasy land and return to the real world. If the class struggle had been won, then Ms Harman would have been talking to an empty auditorium. Victory in the class struggle; at least for the working-class majority, would have meant common ownership and democratic control of the means of production by all of society.

And the fact that the TUC conference was full of trade union delegates shows that the class struggle is alive and well. Harman, THE INDEPENDENT'S leader- writer and Mrs May from the Tories seem to forget that the trade unions arose and are sustained by the class struggle, even though a majority of their members vote for capitalist political parties, against their own interests, and the trade unions bankroll a disreputable, anti working class, Labour Party.

The trade unions exist to protect their members from the intensity and extent of exploitation, and to struggle for higher wages and better working conditions. They are forced to do so - by means which include using the strike -

because the workers do not own the means of production.

Ownership and non-ownership of the means of production is what the class struggle is all about, and it has little to do with the conceptions of class held by the Labour Party and the media. Class is a social relationship; a social relationship to the means of production, why production takes place, and for what purpose.

Capitalism; the system which exists today; has a minority class of capitalists who own the raw resources, factories, transport and communication systems, for the purpose of making a profit. The only entry into this class is the possession of sufficient capital to invest and live off the profit. In a depression, some capitalists end in the ranks of the working class.

And the pretensions of some workers who believe they are not members of the working class are pricked when they are made redundant - that is, when they become unprofitable to employ. If you are not a member of the capitalist class then, despite where you were educated, what qualifications you have, how you speak and how you spend your money, it is this that makes you a member of the working class.

**The working class exists because workers do not own the means of production and have to sell their ability to work for a wage or salary. And they are exploited by producing more social wealth than they receive in wages and salaries. This unearned income produced by workers goes to the capitalist class in the form of rent, interest and profit.**

Under pain of competition and to keep their costs down, capitalists have to exploit the working class; and workers likewise, in and out of trade unions, have to struggle for more pay and better working conditions.

Marx stated in THE COMMUNIST MANIFESTO: *“The history of all hitherto existing societies has been the history of class struggles”*.

The class struggle is in effect a political struggle. And it is a political struggle because the means of production are protected by the machinery of government. No capitalist political party will hold back from using the police or the army to break strikes, imprison workers, or from passing and using anti-trade union legislation in order to serve the interests of the capitalist class.

No-one has won or lost the class war. The capitalist class still own the means of production, and the working class still need to organise politically and consciously to bring the means of production under common ownership and democratic control. For the working class, there is still a world to win.

CHARLES DARWIN: SCIENCE OR RELIGION?

Answering those who objected on dogmatic religious grounds to his theory, Darwin argued that such objections showed *“the blindness of preconceived opinion”*:

These authors seem no more startled at a miraculous act of creation than at an ordinary birth. But do they really believe that at innumerable periods in the earth's history certain elemental atoms have been commanded suddenly to flash into living tissues? Do they believe that at each supposed act of creation one individual or many were produced? Were all the infinitely numerous kinds of animals and plants created as eggs or seed, or as full grown? And in the case of mammals, were they created bearing the false marks of nourishment from the mother's womb? Although naturalists very properly demand a full explanation of every difficulty from those who believe in the mutability of species, on their own side they ignore the whole subject of the first appearance of species in what they consider reverent silence...

... I believe that animals have descended from at most only four or five progenitors, and plants from an equal or lesser number.

Analogy would lead me one step further, namely, to the belief that all animals and plants have descended from one prototype... all living things have much in common, in their chemical composition, their germinal vesicles, their cellular structure, and their laws of growth and reproduction.... Therefore I should infer from analogy that probably all organic beings which have ever lived on this earth have descended from some one primordial form, into which

# Darwin, Morgan and Marxism (Part 1)

At the core of Marxism is the materialist conception of history. This is the commonsense idea that behind any major social change there are underlying economic and material changes; that it is these changes which lead to societal change, especially revolutions; and that ideas develop in response to these changing conditions and changes in social and class relationships.

This was revolutionary in itself since it turned upside down the old belief that it was changing *ideas* that caused social changes. Nowadays one might call such a radical change in perspective a ‘paradigm shift’. In its way, this has been as revolutionary, in the field of historical research, as Copernicus and Galileo were in the field of cosmology, with powerful scientific work which meant that those who still held that the earth is flat, as it says in the Bible, came to be sidelined as eccentrics – mere ‘flat-earthers’.

Marx’s theory had more to say which was even more controversial: that the key to understanding social revolutions was to understand the class interests and class struggles involved, and to see in these *class* struggles the ultimate underlying cause of revolutionary social changes. Even now, this part of his materialist conception of history is still, to most professional historians, utterly unacceptable. From the start, Marx’s theory of history has been routinely misrepresented as a naive and crude form of determinism. But, as Engels was at pains to point out, nothing could be further from the truth:

*... We regard economic conditions as the factor which ultimately determines historical development... Political, juridical, philosophical, religious, literary, artistic, etc., development is based on economic development. But all these react upon one another and also upon the economic base. It is not that the economic position is the cause and alone active, while everything else only has a passive effect. There is, rather, interaction on the basis of the economic necessity, which ultimately always asserts itself... So it is not, as people here and there conveniently imagine, that the economic position produces an automatic effect. Men make their history themselves, only in given surroundings which condition it and on the basis of actual relations already existing, among which the economic relations, however much they may be influenced by the other political and ideological ones, are still ultimately the decisive ones, forming the red thread which runs through them and alone leads to understanding.*  
SELECTED CORRESPONDENCE, *Letter to Starkenburg*, 25 January 1894

In the same letter, Engels cited examples of individuals, “*so-called great men*”, such as Napoleon, Caesar, Cromwell, etc.: *v That such and such a man and precisely that man arises at that particular time in that given country is of course pure accident. But cut him out and there will be a demand for a substitute, and this substitute will be found, good or bad, but in the long run he will be found...*

*While Marx discovered the materialist conception of history, Thierry, Mignet, Guizot, and all the English historians up to 1850 are the proof that it was being striven for, and the discovery of the same conception by Morgan proves that the time was ripe for it and that indeed it had to be discovered.*

Among some of the writers and thinkers of Marx’s period, there were a few whose innovations and theories have left an indelible mark. One was Charles Darwin, born 200 years ago. Another, less well-known today, was an American, Lewis H Morgan, whose book *ANCIENT SOCIETY* (1877), was later reprinted by Kerr and Co., the Chicago based co-operative that also published Marx’s *CAPITAL*, and other works by Marx and Engels.

## Morgan and Marx

In Engels's *Preface* to the 4th edition (1891) of his book, *THE ORIGIN OF THE FAMILY, PRIVATE PROPERTY AND THE STATE*, he both acknowledged that Lewis H Morgan's work had been the basis for this, and described how important a scientific contribution Morgan's had been:

*The repeated discovery that the original maternal "gens" was a preliminary stage of the paternal "gens" of civilised nations has the same significance for primeval history that Darwin's theory of evolution had for biology and Marx's theory of surplus value for political economy... It is clearly obvious that this marks a new epoch in the treatment of primeval history. The maternal "gens" has become the pivot on which this whole science revolves. Since its discovery we know in which direction to continue our researches, what to investigate and how to arrange the results of our studies. In consequence, progress in this field is now much more rapid than before the publication of Morgan's book.*

Morgan's findings and methods were indeed revolutionary. Like Darwin, Morgan argued that the evidence pointed to life, in particular human life, as being far older than was allowed for by those whose feeble understanding was limited to the folklore of the Bible, e.g.:

*Whatever doubts may attend any estimate of a period, the actual duration of which is unknown, the existence of mankind extends backward immeasurably, and loses itself in a vast and profound antiquity.* *ANCIENT SOCIETY*, p. v

The sub-title of Morgan's book, *ANCIENT SOCIETY*, was *RESEARCHES IN THE LINES OF HUMAN PROGRESS FROM SAVAGERY THROUGH BARBARISM TO CIVILIZATION*, and Morgan was explicit in defining these various stages in human social development in relation to what he referred to as "*Successive Arts of Subsistence*".

He saw how it was developments in these "Arts of Subsistence" which led to changes in what later researchers came to describe as social evolution:

*It can now be asserted upon convincing evidence that savagery preceded barbarism in all the tribes of mankind, as barbarism is known to have preceded civilization. The history of the human race is one in source, one in experience, one in progress.* *ibid.*, pp v-vi

In outlining his general approach, Morgan defined the various stages of social development such as the development of social institutions (e.g. property relations, the state, class systems and slavery, and different forms of the family) in relation to "*the slow accumulations of experimental knowledge*", especially "*inventions and discoveries*" relating to "*subsistence*". As, for instance:

*The invention or practice of the art of pottery... is probably the most effective and conclusive test that can be selected to fix a boundary line, necessarily arbitrary, between savagery and barbarism... All such tribes... as never attained to the art of pottery will be classed as savages, and those possessing the art but who never attained a phonetic alphabet and the use of writing will be classed as barbarians.* *op. cit.*, p 10

No wonder Marx and Engels read his book with enthusiasm, recognising that his thinking had led him independently to the same historical approach as they had reached earlier. This fact in itself supported their thesis about the role of the individual in history. But Morgan's work was officially rubbished and sidelined:

*... in America, Morgan had, in a manner, discovered anew the materialistic conception of history, originated by Marx forty years ago... And just as CAPITAL was zealously plagiarised and persistently passed over in silence by the professional economists in Germany, so Morgan's ANCIENT SOCIETY was treated by the spokesmen of 'prehistoric' science in England.*

Engels, *Preface*, 1st edition, 1884, *THE ORIGIN OF THE FAMILY*...

In more modern times, prehistory has become the property of the archaeologists, who avoid making "*assumptions*" (even when based on artefacts, burial sites, etc) about the social life, relationships and cultures of people who did not write, and who dismiss Morgan's conclusions, which were based in part on his pioneering

anthropological/ethnographical studies, especially among the Iroquois. For instance, in the Cold War period, when V Gordon Childe was following the Kremlin's line of pseudo-Marxist, doctrinaire determinism, respectable Western archaeologists steered clear of any such nonsense, e.g.:

*Certainly prehistory concerns itself with the types of life of prehistoric societies. But equally certainly it does not speak about the spiritual, mental and moral culture of these societies. It cannot speak of the social organisation or the religious beliefs of prehistoric society, and this is a fundamental limitation of prehistory. When prehistorians speak of the ideas and ideals of men before writing, they are making guesses – intelligent guesses by people best qualified to make them, but nevertheless guesses.*

Glyn Daniel, THE IDEA OF PREHISTORY, Watts, 1962, pp 127-8

But paradoxically, in the concluding chapter of this book, Glyn Daniel showed himself clearly influenced by some of the conclusions and the theoretical approach of Morgan, and Marx and Engels:

*... now we see... that Greece and Rome, Assyria, Babylon and Egypt are only some elements in the long and complicated story of the development of man from the Palaeolithic “savagery” that produced Altamira and Lascaux to the present day... **Whether we be Americans, Russians, Indians or Chinese we share a universal human historical heritage...** [our emphasis].*

***It is the length of the perspective of prehistory which more than any one thing is to me the contribution of prehistory to modern thought** [our emphasis] ... Man, as a sentient upright-walking, talking, tool-making animal came into existence some three-quarters to two-thirds of a million years ago . After millennia of brutish life with little surviving material equipment, and a spiritual and moral equipment at which we can only guess, we find him at the end of the Ice Age not only a superb craftsman in flintwork... but an artist...*  
ibid., pp 162-3

Glyn Daniel wrote of “*a universal human historical heritage*”, just as Morgan too had concluded that: “*The history of the human race is one in source, one in experience, one in progress.*” Like Morgan, Daniel also emphasised “*the length of the perspective of prehistory*”.

But Morgan had huge respect for our uncivilised predecessors, and the social institutions they developed and bequeathed to us. In contrast, Glyn Daniel shuddered at what he saw as merely their “*brutish life... a spiritual and moral equipment at which we can only guess*”. In passages like these, Glyn Daniel wrote like some colonial administrator, discussing the disgusting customs and deplorable, bizarre rituals of some primitive ‘natives’.

## Property, Class and the State

Morgan contrasted the “*Political*” state to the “*Gentile and Social*” society. He described, for instance, how in Rome the old tribal, clan or *gens*-based, egalitarian society was superseded by slavery and the class state, with a property-based government.

This meant the arrival, dominance and spread of so-called ‘civilisation’, where property and power became the be-all and end-all:

*They had left gentilism and barbarism behind them, and entered upon a new career of civilization. Henceforth the creation and protection of property became the primary objects of the government, with a superadded career of conquest for domination over distant tribes and nations.*

ANCIENT SOCIETY, p 348

And he was not afraid to draw some controversial conclusions about property and class, and a possible future with a new “*order of things*” :

*When property had become created in masses, and its influence and power began to be felt in society, slavery came in... With property also came in gradually the principle of aristocracy, striving for the creation of privileged classes.*



*The element of property, which has controlled society to a great extent during the comparatively short period of civilization, has given mankind despotism, imperialism, monarchy, privileged classes, and finally representative democracy. It has also made the career of the civilized nations essentially a property-making career. But when the intelligence of mankind rises to the height of the abstract rights of property, - including the relations of property to the state, as well as the rights of persons to property, - a modification of the present order of things may be expected. The nature of the coming changes it may be impossible to conceive; but it seems probable that democracy, once universal in a rudimentary form and repressed in many civilized states, is destined to become again universal and supreme.*ibid., p 351

Clearly he did not regard capitalism as the final stage in human history, the pinnacle of human achievement. In the final chapter of his book, he expressed this strongly felt view:

*Since the advent of civilization, the outgrowth of property has been so immense, its forms so diversified, its uses so expanding and its management so intelligent, in the interests of its owners, that it has become, on the part of the people, an unmanageable power... A mere property career is not the final destiny of mankind, if progress is to be the law of the future as it has been of the past. The dissolution of society bids fair to become the termination of a career of which property is the end and aim; because such a career contains the elements of self-destruction.*ibid., p 561

“Property... has become... an unmanageable power”, and “a mere property career... contains the elements of self-destruction”: these were powerful and revolutionary ideas, unconsciously echoing the arguments of Marx and Engels from the time of THE COMMUNIST MANIFESTO onwards.

Morgan’s book was significant for the future development of a systematic study of prehistory, based on his theoretical conclusion that human social development had passed through broadly similar phases in every society that he and others had so far studied; and his demonstration of evidence, which showed that social and cultural institutions - including the family and especially property relationships, class systems, and various forms of property ownership - develop or evolve, along with, and in response to, changes in the “*means of subsistence*”.

As with any scientific study, later work by others would correct any mistaken conclusions and fill in the gaps in his limited knowledge. But that does not lessen his achievement.

Whether or not our modern pre-historians, archaeologists and anthropologists recognise and acknowledge their debt to this pioneer, they have nevertheless built upon Morgan’s legacy, and should not disregard his general findings.

His book, however, is almost impossible to get hold of, his other works are not to be found, and his name is only briefly noted in reference books. Unlike Darwin, Morgan’s pioneering role has been sidelined. Darwin’s work, however, is the subject of much celebration – even though his theory too is a revolutionary and controversial one.

[To be continued in the next issue.]

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## Play It Again (Uncle) Sam

On Thursday 23 October 2008, Alan Greenspan, the former Federal Reserve chairman, told a Congressional hearing that he was “*shocked*” (or more specifically, “*in a state of shocked disbelief*”) by the recent collapse of the financial markets.

Greenspan’s comments were like the scene in the film *Casablanca*, when the corrupt Captain Renault purports to be “*shocked*” to learn that gambling is going on at Rick’s nightclub and has to close it down - but not before he receives his “*bung*” for turning a blind eye to all this illegal gambling in the first place.

As the NEW YORK TIMES (24 October 2008) described the hearing, Greenspan:

*... admitted that he had put too much faith in the self-correcting power of free markets and had failed to anticipate the self-destructive power of wanton mortgage lending.*

Republican Henry Waxman asked Greenspan whether he felt that his free market, anti-regulation “*ideology [had] pushed you to make decisions that you wish you had not made?*”

In response, Greenspan admitted that he had “*found a flaw [in his free market ideology]. I don’t know how significant or permanent it is. But I’ve been very distressed by that fact.*”

Well, if Greenspan had read the first volume of CAPITAL he would have discovered a fatal flaw in capitalism; the fact that periodically economic crises and depressions will always occur, no matter whether capitalism is regulated or not:

*The life of modern industry becomes a series of periods of moderate activity, prosperity, overproduction, crisis and stagnation.*

CAPITAL VOLUME I, chap. 15, Moscow, 1974, p 427

So play it again, Sam.

**“I have found a flaw.  
I don’t know how significant or permanent it is.  
But I’ve been very distressed by that fact.”**

A fitting epitaph on the tombstone of economic liberalism.

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# Capitalism Caused The Thirties Depression

Defenders of economic liberalism and free trade claim that protectionism caused the depression of the 1930s. They point to the Smoot-Hawley legislation raising US tariffs. Other economists point to the operation of the gold standard as the cause of the economic depression. Conveniently, this allows economists to blame the government and the bankers, much as they do now. This is wrong.

What economists will not criticise is the market mechanism. They will not admit that the buying and selling of commodities is unstable, and that the “benign” hidden hand of the market is attached to a wild, contradictory, market anarchist.

The depression of the 1930s was caused by commodity production and exchange for profit. In fact, a historical glance at the Great Depression during the last quarter of the 19th century shows that it occurred in Britain which was then operating a vigorous free trade policy and was until recently considered “*the work shop of the world*”. Other trade depressions have occurred, with and without protectionism, and with and without the gold standard.

The depression of the 1930s certainly did see a major reduction in global trade and capital flows, and subsequent protectionist tariffs and laws. But a reading of the evidence suggests these were more the result of the global downturn than the cause. Marx was under no illusion that it was capitalism that caused crises and trade depressions.

ECONOMIC CRISES, 1999  
[from SPGB pamphlet, 1999 , pp 1-2]

In the dictionary there is a handy definition of crisis: it is a ‘*turning point*’, a time of danger ‘*in politics and commerce*’. With world capitalism again in crisis, millions of workers in many countries are unemployed, while



capitalist politicians thrash around desperately for a solution...  
... the records show that neither Keynesian nor monetarist policies actually solved the problems they were supposed to tackle... economists and politicians can find no magic formula which would enable capitalism to run smoothly. These changing fashions in economic policy cannot ensure the capitalist dream of steady, stable growth. These policies cannot solve the real issue facing the working class. That issue is the class issue: the fact that, whether in boom or slump, the capitalist system operates in order to make profits. When profits fall, production is cut back and workers are laid off. Capitalists and workers alike have to sit it out, waiting till business picks up again and production can again expand. The whole system rests on the continued willingness of workers to accept their exploitation. The capitalist system does not, and cannot, operate in the interests of workers.

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## War and Crisis: Counting The Costs

Faced with the grim realities of economic crisis and even depression looming up, those superior people who draft editorials for that ‘free market’ propaganda sheet, the ECONOMIST, have had to do a U-turn. From non-interventionist policies, as per Hayek and Friedman, they now applaud neo-Keynesian, interventionist policies. The current vogue

is to ‘pump-prime’ the economy, boosting demand in the hope of preventing banks and businesses from going broke.

Already in February 2008 the US Federal Bank had cut short-term interest rates by 1.25 per cent down to 3 per cent, and by the end of April the Fed’s rate had fallen yet further – down to 2 per cent. From early May, the US Treasury was issuing cheques to every household, as tax rebates “*to revive the battered economy*” (BBC CEEFAX, 28 April 2008). The sums of money involved were of course merely a token gesture: up to \$600 per individual, up to \$1200 per married couple. A total cost to the US federal budget of \$150 billion (£75.4 bn).

Actually this “*up to \$600 or up to \$1200*” would not go very far in compensating the average working-class household for the soaring costs of the US government’s war-mongering. In 2004, in his book, THE REAL PRICE OF WAR, Joshua S Goldstein calculated that the average American household was paying *\$500 each month* to finance war. To avoid confusing his readers with talk of billions and trillions of dollars, with lots and lots of noughts, he helpfully worked out how much this meant per household. Since then, the costs of the Iraq war and other ‘defence’ spending have risen substantially, and will continue to rise.

Goldstein also noted that the US government had been systematically running a large and growing budget deficit. Successive tax cuts and increases in military spending had left Uncle Sam in debt up to his eyeballs, even before the Afghanistan and Iraq wars.

America’s trade deficit had also grown out of all proportion: from being a major exporter of manufactured goods, the US economy had become dependent on imports, especially from cheap labour ‘emerging economies’, such as China. Once a major exporter of oil worldwide, the US was now dependent on imported oil.

While American exports came to just under \$1.2 trillion, its imports came to \$2 trillion:

*Its share of global imports, 14.2%, was almost twice that of the next largest importer, Germany. China was ranked third among importers, with 6.7%.*  
ECONOMIST, 26 April 2008

All this was only possible because there were people and institutions willing to buy US Treasury bonds. The classic way for any government needing to raise money, but not by taxation or the sale of assets, is to issue ‘bonds’, a form of long-term IOU. The investors or rather gamblers who buy these are betting that, after 10 or 25 years, they will get their money back *with interest*. In World War Two, the British government also raised funds by issuing ‘war bonds’

to be repaid post-war. But post-war repayment was a mighty disappointment: year on year, those bonds were eaten away by devaluation and inflation.

Goldstein estimated that the US national debt had risen in 2004 to the point where, with borrowing rising monthly by \$500 per household, servicing the national debt - the interest paid on it – came to \$275 per household, per month: i.e. more than half the amount borrowed each month.

That was then. As of now (January 2009), the average working-class household in the US has worse problems to worry about. Stores are closing – and retail workers are losing their jobs. Petrol and food prices are soaring. Banks and other lenders are foreclosing on mortgaged homes:

***Home foreclosures** in America were up by 112% in the first quarter compared with a year ago, according to RealtyTrac, a property firm. Lenders are foreclosing on one in every 194 American households. The rates were higher in the sunbelt; in Nevada it was one in every 54 households and in California one in every 78. In Riverside and San Bernardino, California's Inland Empire, the foreclosure rate was one in every 38 homes.*

ECONOMIST, 26 April-2 May, 2008

As in any depression, rather than invest in stocks and shares, investors are buying gold and other ‘commodities’, rather than taking a gamble on stocks and shares. Gold prices have risen about one-third since April 2007, while stock markets have fallen by over 5% in that time. And the price of gold has risen steeply since then – standing now at more than three times the price that Gordon Brown got in 1999, when selling off most of the UK’s gold reserves .

Socialists, however, do not waste time sympathising with the Stock Exchange, commodities traders, and other parasitical gamblers. These are simply the fleas on the back of the sturdy working-class carthorse, and their well-being is to us of as little interest as our well-being is to them.

Our sole interest is to bring forward the day when work is no longer a matter of exploitation, and when workers and their families can feel a sense of security as to their future.

That is something which is impossible under capitalism – even in the so-called good years, the booms which always end in bust.

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## The Economic Depression Deepens

Nobody knows how deep the present depression will go, how far it will spread and how long it will last, but there are plenty of ominous signs that it will surpass the depression of the early 1990s when unemployment passed over 3 million. At first, all eyes were on the US with its mortgage defaults and toxic debts, then it became apparent that economic and financial conditions were rapidly worsening in Britain and Europe, and banks had to underwrite billions of dollars of losses. By December 2008, BBC NEWS reports were all doom and gloom, e.g.:

- The World Bank has forecast a significant decline in global economic growth in 2009 for both developed and emerging countries (8 December).
- France will enter recession in 2009, according to Insee, the country's national statistics agency. The agency says the French economy has shrunk by 0.8% in the last three months of 2008 and will contract by another 0.4% in the first quarter of 2009 (18 December).
- Japan's government has forecast that the country's economy will have zero growth in the year ending March 2010. It is the first projection of no growth from the world's second largest economy in seven years. (19 December).
- At least 600,000 jobs could go in the UK in 2009, according to a report by a personnel managers' professional

body. The Chartered Institute of Personnel and Development says even those who escape redundancy face pay freezes. It says that while total unemployment will not hit three million, the time between New Year and Easter will be the worst for job losses since 1991 (28 December).

## The Failure of Governments

The Labour Government, through the Prime Minister's New Year speech, tried desperately to stimulate optimism. Gordon Brown declared the working class should adopt the "*war-time spirit of the blitz*" and keep a stiff upper lip. This is from the same Prime Minister who, when Chancellor of the Exchequer, incompetently sold off billions of pounds of gold at a loss, and went on to boast that there was to be no more "*boom and bust*". Then he said that British capitalism was well positioned to weather the storm of the global crisis. Then it was to be a short depression, with growth back by the middle of 2009. No one believed him.

In January this year (2009) Gordon Brown held a 'jobs summit', where he pledged to act "*to protect jobs*" but, on the very day that he announced this "*pledge*", 3000 more job losses were announced (INDEPENDENT, 13 January 2009). Brown's own Chancellor, Alistair Darling, let the cat out of the bag by stating that this was going to be the worst economic crisis for sixty years.

Brown believed that his actions had saved capitalism but his 'fiscal stimulus' through a reduction in VAT, plus billions of pounds injected into the economy, have clearly not worked. In all probability, he will lose the next election, with the Labour Government again leaving office with more workers unemployed than when they first came into power.

What about the Bank of England who had been credited with having its finger on the pulse of the economy? The Bank of England was caught napping.

*The Bank of England did not understand the severity of economic problems before the current financial crisis, its deputy governor says. Sir John Gling told the BBC that the Bank knew "crazy borrowing" was taking place and the price of houses and other assets was rising unsustainably. But the Bank thought this problem was less serious than it turned out to be.* BBC NEWS, 22 December 2008

The Bank of England had bragged for a decade or more that it pulled the levers of the economy and enjoyed "*control*" over the interest rate mechanism, thereby ensuring stable and continued growth. The Bank was wrong. Its economic policy is now in tatters.

The reality is that capitalism goes its own way. The employers have laid off hundreds of thousands of workers because, at the present level of commodity selling prices and costs of production (including wages), they cannot make a profit.

The result? In December 2008, 2500 workers at JCB, for example, were forced to take pay cuts of about £50 a week to stem the redundancies from 500 to 178. A month later, 300 workers at JCB were made redundant with production severely curtailed. Ironically, no one knows if the pain and sacrifice of the workforce at JCB has been matched by the owners, the wealthy Bamford family. Sir Anthony Bamford topped the competition amongst construction tycoons in the SUNDAY TIMES Rich List (April 2008), finishing at 34, with an estimated wealth of £1,950m.

Elsewhere, other workers have also had to take pay cuts to stave off redundancies (EVENING STANDARD, 30 December 2008). Socialists do not see Sir Anthony Bamford and his class having to endure Gordon Brown's "*war-time spirit*". Most of the people killed by the Luftwaffe were members of the working class.

## Capitalism is Behaving Normally

If capitalists, like the Bamfords saw the prospect of a profit, they would re-engage workers tomorrow and take out of moth-ball industrial plants and materials, so as to start up production again. Capitalists, not governments, know when

economic conditions will be right for investing in commodity production again. The crisis and depression will set the conditions for new investment opportunities: in areas where competitors have been removed through bankruptcy or acquisition, the unsold stocks of other capitalists have been bought at a discount, where they can find markets, labour-power is cheaper to buy, and so-on.

Socialists are not surprised at the economic turmoil. Capitalism is behaving normally, going through its phases of expansion, boom, crisis and stagnation, just as Marx described more than 150 years ago.

Marx castigated the superficiality of economists for taking as the cause of economic crisis mere symptoms of the crisis. On credit, for example, he wrote:

*The superficiality of Political Economy shows itself in the fact that it looks upon the expansion and contraction of credit, which is a mere symptom of the periodic changes of the industrial cycle, as their cause.*

MARX CAPITAL VOLUME I, Chap 25, section 3

Production, circulation, exchange, finance and credit are what Marx called “*moments*” of the capitalist production process which forms a unity. But the whole process of capital accumulation is shot through with violent contradictions. He declared that capitalist production and exchange for profit was a highly unstable system, and had the propensity everywhere to go horribly wrong.

*This process [the capitalist process] is so complicated that it offers ever so many occasions for running abnormally.*  
CAPITAL VOLUME II, Chapter 21, section 1 (i)

## Capitalism Fails the Working Class

Mass unemployment is just one of the social consequences when capitalism fails the working class. Over 20 million workers are currently unemployed in the EU (EUROSTAT, December 2008). In the US both the number of unemployed persons (10.3 million) and the unemployment rate (7 per cent) continued to increase in November (US DEPARTMENT OF LABOR, December 2008). In December, the US experienced one of the highest rates of unemployment since 1945.

We no longer read about the US model of capitalism being the one that the rest of the world should emulate. There is now no “*Japanese Miracle*”, “*German Miracle*” or “*Dutch Miracle*” as all of these economies slide into depression. Economic liberalism is now a failed policy to join other failed economic policies like monetarism and Keynesianism, and an earlier version of economic liberalism found in the pre-Depression days of the 1920s.

There is now a serious problem with China’s “*economic miracle*” with subsequent bankruptcies and unemployment. More than 65,000 Chinese factories have gone bankrupt in 2008. Fears over job losses have triggered several outbreaks of unrest by workers in recent weeks (CNN, 10 December 2008). Many workers who came into the cities from the countryside during the 1990s are now returning to their villages (EVENING STANDARD, 12 January 2009).

The effect of China’s slowdown has meant steel production being curtailed in Australia with the loss of hundreds of jobs. The reduction in steel demand by Chinese factories has hit Australian producers.

These include Rio Tinto and BHP Billiton, as they sell to the largest of the Chinese mills, four of whom have plans to cut production by anywhere between 10 and 20 per cent for the last quarter. The Australian government is considering nationalising Oz Minerals, Australia’s third largest mining company (INDEPENDENT, 13 January 2009).

It may be hard to accept but it is nevertheless true that there are no economic policies by governments or central banks which can prevent capitalism from behaving in accordance with its own economic laws.

What of the defenders of capitalism? In an article *We’re at a turning point for capitalism* (INDEPENDENT, 31

December 2008), Sean O’Grady says that in 2009: “*Capitalism is going to spread the pain very evenly and very unfairly*”. O’Grady is worried that workers will look for alternatives to the profit system:

*An economic system is only as good as it delivers. Nothing is immutable. As in the 1930s, if free trade -- free enterprise is seen to fail, then people will look for alternatives*

... He then asks rhetorically why is it that “...*we hear very little from the anti-capitalists now, when we might like to hear their critique*”.

Well, the critique of capitalism is not new. Marx showed in CAPITAL that capitalism can never be run in the interest of the working class majority. Since Marx, Socialists have built on his criticism of capitalism and SOCIALIST STUDIES, produced by the reconstituted Socialist Party of Great Britain, has consistently shown the consequence for workers in giving their support for a social system which cannot deliver except for those who own the means of production.

Socialists do not offer an “*anti-capitalist*” critique but offer a principled set of reasons why workers should consciously and politically organise to replace the profit system with common ownership and democratic control of the means of production by all of society. War, exploitation, unemployment, poverty and social alienation - all flow from commodity production and exchange for profit. And although our website exists, putting the Socialist case against capitalism, Sean O’Grady cannot read our critique of capitalism in the media because the owners of the INDEPENDENT as with other owners do not give Socialists access to publish articles or broadcast on television and radio our Socialist case.

War, exploitation, unemployment, poverty and social alienation - all flow from commodity production and exchange for profit. Socialists do not offer an “*anti-capitalist*” critique but offer a principled set of reasons why workers should consciously and politically organise - to replace the profit system with one based on the common ownership and democratic control of the means of production by all of society.

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## Psychology, Liberals, The Market and The Crunch

Varied and peculiar have been the ‘explanations’ of what went wrong but the official consensus is that this is a financial crisis. Gordon Brown claims that there is no precedent for what he sees as the “*first financial crisis of the global age*” - history offers “*no clear map*” of how to deal with it. Wringing his hands, weeping crocodile tears, he moans that “*this is a global banking crisis*”. After a decade at the Treasury, he is still so ignorant as to announce, to the Davos World Economic Forum and the media: “*we are entering uncharted waters*”(BBC/CEEFAX and ITN/TELETEXT, 31 January 2009).

Ignorance about how capitalism works is clearly no bar to high office in government. One would think there had never been the Great Depression of the Thirties. Or that the 19th century was not a period littered with regular, acute, industrial and financial crises.

Characteristic of major depressions is that, while they may start in just one sector of the economy, they affect many others; there seems to be no way out of them; and that is regardless of whether governments of the time operate protectionist or free trade policies. Take for instance these quotations, used in the SPGB’s 1932 pamphlet, WHY CAPITALISM WILL NOT COLLAPSE (republished in 2000):

*I hear of the distress of the agricultural, the manufactural, the commercial, the West Indian, and all trading interests... I am told land can neither pay rent nor taxes nor rates, that no merchant has any legitimate business... I am also told that the whole race of London shopkeepers are nearly ruined.*

W Huskisson, former President of the Board of Trade (letter, 1829)

*Your iron industry is dead, dead as mutton; your coal industries, which depend greatly on the iron industries, are languishing... Your silk industry is dead, assassinated by the foreigner. Your woollen industry is in articulo mortis, gasping, struggling. Your cotton industry is seriously sick. The ship-building industry, which held out longest of all, is come to a standstill. Turn your eyes where you will, survey any branch of British industry you like, you will find signs of mortal disease.*  
Lord Randolph Churchill (speech, 1884)

Neither of these 19th century politicians could even begin to explain the cause of those depressions, any more than Gordon Brown can today.

It is not the fashion these days to quote or refer to Karl Marx in this context, but in fact he did explain *why* it is that capitalism periodically lurches from boom to bust. His explanation focussed on a fundamental contradiction inherent in capitalism. There is competitive pressure on every capitalist enterprise to keep expanding, increasing their output, so as to gain as much market share as possible and make as much profit as possible, but this conflicts with the competitive pressure to minimise their production costs, especially workers' wages.

Since this explanation rests on the class struggle, between the interests of wage-labour and capital, we do not expect to find this explanation referred to in the pages of The Economist, the Financial Times, etc. Instead, the media pundits, politicians, and professional economists all focus on the problems of the banks and the financial sector, and especially on the individuals responsible. They never seem to ask themselves why it is that a crisis which first showed itself by some American banks being over-extended – lending excessively to bad risk clients, without reasonable collateral, as in 'sub-prime mortgage' lending – should spread like the measles to so many other sectors of the economy.

It is an old saying, accepted in British law, that “*corporations have neither bodies to be punished nor souls to be damned.*” So instead top bankers were forced to grovel in public and make humiliating apologies for their errors, and one or two even resigned under pressure, while the media and politicians made the 'banking crisis' a personal one. After Enron and other major scandals, there was also the little matter of Mr Madoff who made off with so many people's money. An insider's cynical verses reflected on the soft landing of fraudsters:

*Caught in the grip of nasty fate  
I opted for a nolo shot.  
Under the laws of New York State  
I did some time but not a lot...  
It's not important the stuff I did,  
How crookedly I played the game.  
I can buy out of a blighted past,  
I am above a sense of shame.*

Michael Silverstein, Songs of Wall Street, 2001, p 107

In particular, the general belief persisted for quite a while that the crisis/recession/depression was a financial crisis, although with unfortunate consequences for other sectors of the economy, from construction to car-plants. The finance sector is especially unstable, as George Soros noted:

*Contrary to the tenets of market fundamentalism, financial markets do not tend toward equilibrium; they are crisis prone.*

THE BUBBLE OF AMERICAN SUPREMACY, 2004, p95

Insider trading and a host of other scams were, and always have been, part of the way the City and Wall Street traders and speculators operate. This means that the small investor, outside the loop, is like someone who enters a casino where the cards are all marked, where the other gamblers are in fact pals of the croupier, and where the games are all rigged to ensure the house will make a profit. He, an outsider, ignorant of these scams and frauds, is almost bound to be fleeced.

However, Marx's explanation of crises focussed on the competitive, profit-driven, capitalist mode of *production* as



the root of the problem. From this point of view, the tendency to recurrent cycles, from boom to bust, is systemic – not a matter of human nature, or greed, risk-taking, and fraud.

## “Greed – and fear”

This was the headline above the leading article in THE ECONOMIST’s special report on *The Future of Finance* (24 January 2009). Yet that article described much the same situation as those 19th century: politicians had seen:

*Over the past 22 months, the shock has spread from American housing, sector by sector, economy by economy... Everywhere good businesses are going bankrupt and jobs are being destroyed.*

Another article, by the IMF’s chief economist, Olivier Blanchard, argued that uncertainty had “*led to a collapse of demand, a collapse of output and the deep recession we are now in*” (THE ECONOMIST, 31 January 2009). The – Keynesian - solution was:

*... [to] undo the effects of the wait-and-see attitudes of consumers and firms on the demand side. Get them to spend more, and have the state do some of the spending itself.*

As ever, from “*Greed and Fear*” among bankers and traders, to the “*wait-and-see attitudes*” in the ‘real economy’: the focus is always on psychology, never on the system. This, in a nutshell, is the fault with Keynes’s solution.

INFECTIOUS GREED was a book about Wall Street and Washington, written in 2003 by Frank Partnoy, and subtitled *How Deceit and Risk Corrupted the Financial Markets*. More than five years ago, Partnoy gave a detailed, specific warning of the various methods used to turn investment into a very tricky game, with far too many “*unknown unknowns*”. But still the pseudo-psychological explanation dominates, as it did in the media treatment of the Nick Leeson and Enron stories.

## Liberals, Neo-Liberals – and Anarchists?

The reformist Left have had a field day in their ‘critique’ of liberal/neo-liberal policies. Martin Jacques – former editor of MARXISM TODAY – wrote of *The New Depression*, listing a whole catalogue of policy failures:

*... Britain has been living in a fool’s paradise. A failure to regulate the banks and other financial institutions... bankers [behaving] in a grossly irresponsible and avaricious fashion... a government-enabled credit binge in which people borrowed recklessly; a bloated financial sector... an absurd belief that boom and bust had been banished for ever.... monstrous salaries for those at the top of the financial and corporate tree... growing inequality... justified in the name of a more competitive economy accompanied by declining social mobility in the cause of an open and flexible labour market... systemic corruption on a mega-scale of those who ran the banks and other financial institutions, while regulatory authorities willingly colluded in their excesses. This is the sad story of the New Labour era.*

NEW STATESMAN, 16 February 2009

His solution? Nationalise all the high street banks “*until the mess is sorted out*”. Likewise, the NEW STATESMAN’s editorial argued that this crisis means:

*... the end of 30 years of free-market fundamentalism, the end of the Anglo-American model of capitalism, the end of the Thatcher-Reagan consensus.*

The NS solution? State intervention - “*to redistribute wealth so as to create a fairer and more just society*”. But the NS editorial’s “*new kind of progressive politics*” is not the answer. Neither nationalisation nor “*redistribution of wealth*” would restore the banks’ profit margins, restore credit lines to businesses, or prevent closures and unemployment.

A 'fair and just society' cannot exist as long as the wages system lasts. This sort of fraudulent pledge is typical of the Labour Party fakirs: theirs is a long and shameful record of conning the workers.

Their cousins across the Channel also see 'liberal/neo-liberal' free-market policies as the cause of the problem. In Eric Dupin's article in LE MONDE DIPLOMATIQUE (February 2009), a variety of 'explanations' were quoted from various 'liberal' - i.e. Right-Wing - economists and other wiseacres.

For some, the problem is not lack of regulation but too much state intervention. So "*liberalism is not the cause but the solution to the crisis of global capitalism*" (historian and economist, Nicolas Baverez). Likewise Alain Madelin:

*Leave liberals out of it – this crisis is not a set-back to liberal theories or even to liberal policies.*

Dupin noted that "*for others, the crisis actually showed the effectiveness of markets*", and quoted Sabine Herold, (President of Liberal Alternative, a small ultraliberal party): "*the crisis is proof that the market is self-regulating... and would punish excessive risk-taking*". A similar extreme position was taken by an economist, Pascal Salin, who argued that this crisis was down to the US Federal Reserve's policy of low interest rates and easy credit: his solution was to "*liberate financial markets from state control*". Likewise Vincent Benard, (president of l'Institut Hayek de Bruxelles).

But other 'liberals' disagreed. According to Madelin, the cause of the problem was lack of proper regulation, and he noted that Alan Greenspan had done nothing to rein in the excessively bullish behaviour of the markets: "*This is about a crisis born out of bad regulation and badly supervised by the political and financial authorities.*" Likewise H Novelli (Secretary of State for Commerce and Industry): "*It is not deregulation which is the cause, but the failure of regulation*". Others even went so far as to talk of market 'anarchy', especially regarding the 'sub-prime' mortgage market, e.g. M Devedjian: "*This is not liberalism but wild mercantilism – reminding one of the African slave trade.*" Jean-Jacques Rosa, another extreme 'liberal' economist, also argued for state intervention:

*Partial re-nationalisation of the banks does not mean the end of capitalism or a return to state control [etatisme]. It is simply responding to the rational economic calculation of various types of investors who are adjusting to a new property equilibrium.*

So France's liberal and pro-capitalism economists, in government, universities and think-tanks, are utterly divided. On the one hand, some argue that the markets have failed due to lack of control or because of bad regulation. The solution then would be more control and better regulation.

But others argue for freeing the markets to 'self-regulate' themselves, without state interference. In short, they claim that while this may be a disastrous crisis, on the other hand it may actually prove how wonderfully successful the 'free-market' system really is.

One is reminded of the Monty Python song in the final scenes of the film, The Life of Brian, "*always look on the bright side of life.*" Like Voltaire's philosopher, Pangloss, in CANDIDE, free market 'liberals' believe that "*all is for the best in the best of all possible worlds*" and that markets can, if left to themselves, prevent crises, while Labourites - equally optimistically - imagine that capitalism, if suitably reformed, can be a 'fair and just society'.

But Socialists do not wear rose-tinted spectacles: we are realists. We know that capitalism's class system is anarchic, competitive and unstable, and that the exploitation of the working class can never be 'fair and just'. The solution is not more of the same: not more of unreformed and unreformable capitalism, the mixture as before, but a better, brighter world, a Socialist world – without wars or crises or poverty.

CAPITALIST DEPRESSIONS, 1999

[from SPGB pamphlet, *Economic Crises – no. 1*, pp 24-25]

Experience has shown, generation after generation, that capitalism is inherently unstable, with a cyclical tendency to swing abruptly from boom to bust. One day the outlook is rosy and production is on the up and up. Capitalists see their markets as expanding and the prospects for profits look fine. Suddenly – with markets glutted – the brakes have

to be applied. As profits fall, the system goes into a state of depression....

... In a depression all the inefficient, antisocial and irrational failings of capitalism come into sharp focus. On the one hand there are unmet human needs, on the other unused resources, idle machinery, stockpiles of goods, unemployed workers and decaying products. Each depression confirms the socialist case against capitalism: that with production only taking place for profit the narrow social relations of production periodically put the brake on the forces of production, including the human capacity to work. Socialism would release the forces of production to meet human needs and to enable people to lead their lives to the full. Capitalism does not do this. It does not exist for this purpose.

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## Sir Alan Walters and the Theology of Economics

It was said that the advisors around Thatcher during her premiership were a few pennies short of a pound. One clown, Professor Brian Griffiths, a free market economist, attempted to apply theological justification for the free market. He was not only Head of her Policy Unit but an evangelical Christian, and the author of books such as MORALITY AND THE MARKET PLACE and THE CREATION OF WEALTH. There is, of course, no morality in the market place, only class exploitation and the dog-eat-dog competition for surplus value and profits. And social wealth is not “*created*”, but instead exploited from the working class in the productive process.

Another economics advisor was the late Sir Alan Walters. Thatcher’s one-time economic guru, Walters was a firm believer in the free market. Its workings, he proclaimed, were “*wondrous*”. “*It is one of God’s great gifts*”, he declared, “*much more important than the wheel or fire, much more important*” (EVENING STANDARD, 6 January 2008). His death in January this year was met by praise from the Institute of Economic Affairs and a host of other free market think-tanks across the globe.

Well, the workings of the market are not so wondrous for those who are employed in it. Alan Walters lived in two capitalisms: the real world of capitalism with its class exploitation, misery, wars, unemployment and poverty, and a fictional fairy-tale capitalism created in his mind; a pure almost religious capitalism; an economic heaven. Unlike Walters, billions of workers do not enjoy the luxury of inhabiting a fictional capitalist utopia. Under capitalism as it really is, workers do not own the means of production. As a consequence, they have to enter the labour market to find employment. They have to sell their labour power, as a commodity, for a wage or salary. And in the process of producing commodities, they are exploited just as ruthlessly as serfs were in feudalism or slaves in chattel slavery.

Workers produce more social wealth than they receive in wages and salaries – this is what Marx called *surplus value*. When the commodities which the workers have produced are sold, the capitalist realises a profit - unearned income which is parcelled out to a class of social parasites as rent, interest and profit. The surplus value or profit exploited from the working class is not a “*gift from God*”, but is based instead on ruthless class exploitation.

And what “*success*” did free market economics have for the Thatcher administration? None whatsoever. Her free market advisors told her to return to low inflation, privatisation, cuts in government spending and borrowing, low interest rates and a strong pound, and to weaken the trade unions, as a way of stopping trade depressions and ensuring high employment with sustained economic growth.

It was not theology that Thatcher’s free market advisors like Griffiths and Walters should have studied, but history. Here is a comparison of the policies of Thatcher’s government with those of 1875.

### Policy of the 1980s

### Year 1875

Monetarism adopted to curb inflation

No inflation for 75 years

Privatisation	Only the Post Office was state-owned
End monopolies	Almost none
Low Government borrowing and spending	Almost none
Expand manufacture	Britain the workshop of the world
Strong pound	\$4.86 to the pound
Weaken the unions	Unions weak and subject to much tougher laws
Encouragement of free trade and competition	Britain had a free trade policy and was highly competitive
Tory Government	Disraeli, Tory leader in power

With all these conditions plus the Gold Standard in operation, there was still an economic depression in 1875, just as there were economic depressions at the beginning of the 1980s and 1990s. So much for the free market reforms, supposed to deliver a crisis-free harmonious system of commodity production and exchange for profit.

Then, in 1997, the Labour Government replaced the Tories. They kept more or less the same policies. But there was no longer going to be the old “*boom and bust*” cycle. As Gordon Brown fatuously claimed, this had now been put an end to “*forever*” by “*the growth of post-neo-classical endogenous growth theory*” (quoted in THE RULING ASSES, ed. Stephen Robins, 2001).

Politicians have no solution to the problem of unemployment. Nor do the economists, no matter whether they are monetarists or Keynesians, advocates of nationalisation and state intervention, or economic ‘liberals’ like Sir Alan Walters.

However, capitalism goes its own way, as Marx noted: from economic crisis to economic crisis, from one period of high unemployment to another. Marx had no access to a fictional “*God*” but he did understand that capitalism could never work in the interest of the working class. When will the working class discover this for themselves?

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## Capitalism: "A Fetter On Production"

There is a problem with the word ‘overproduction’. Marx cautioned:

*The word overproduction in itself leads to error. So long as the most urgent needs of a large part of society are not*

*satisfied, or only, the most immediate needs are satisfied, there can of course be absolutely no talk of over-production of products – in the sense that the amount of products is excessive in relation to the need for them. On the contrary, it must be said that on the basis of capitalist production, there is constant underproduction in this sense. The limits to production are set by the profit of the capitalist and in no way by the needs of the producers. But over-production of products and over-production of commodities are two entirely different things.*

THEORIES OF SURPLUS VALUE, Part II, p 527

Capitalism shapes production and distribution to the limitations imposed by the market not by what people actually need. And because of their wealth and privilege the capitalist class can source the best housing, food and life style. Workers, on the contrary, are constrained by what they can and cannot buy through the wages system. The wages system is a form of rationing. What workers receive in wages and salaries, and what they need as human beings to live creative and fulfilled lives, are two entirely different things.

Under capitalism there is constant **underproduction** of goods and services. Marx called Capitalism “*a fetter on production*” - restricting what can be produced by the imposition of the private ownership of the means of production and the profit motive. Even in a period of economic boom when wages are rising, the real needs of the working class go largely unmet. Free creative labour, producing useful things, is impossible when labour is tied to capital.

Marx was well aware of the glaring contradictions in capitalism as a result of commodity production and exchange for profit. In THE COMMUNIST MANIFESTO he wrote:

*The productive forces at the disposal of society no longer further the development of the conditions of bourgeois property; on the contrary, they have become too powerful for these conditions, by which they are fettered...* (p 28).

Also, in the *Preface* to the CONTRIBUTION TO THE CRITIQUE OF POLITICAL ECONOMY, he wrote (SW1, pp 362-4):

*At a certain stage of their development, the material productive forces of society come into conflict with the existing relations of production...From forms of development of the productive forces these relations turn into their fetters.*

Capitalism as a fetter on production is brutally illustrated during the current economic crisis and depression.

The International Labour Office of the UN has warned that the global jobless may grow by 40 million people this year (EVENING STANDARD, 29 January 2009). This is a complete waste of resources. If Socialism existed, then this vast pool of social labour would be used to make useful things for people. However, under capitalism the means of production are privately owned and production only takes place if there is to be a profit.

The contradiction in capitalism between the profit motive and unmet human need can be seen in another statistic from the same ILO report, which states that more than 20% of the world's workers take home only up to \$1.25 a day, and 40% only \$2 a day or less. These workers are in extreme poverty but the means exist to feed and house them adequately but capitalism prevents resources from being used directly to meet human needs. Only the anti-social pursuit of capital accumulation and profit-making count.

This is why there is an urgent need for the working class majority to consciously and politically organise to establish common ownership and democratic control of the means of production and distribution by all of society.

## Fallacy of the Doomsday Scenario

*“... at some point... capitalism would enter a period of permanent stagnation and decline”.*  
[from the Clapham-based ‘Socialist’ Party’s 1993 Conference Report]

However, the 1990s was a period, not of depression as predicted, but of the ‘dot-com’ bubble, which some years later led to a stock market crash. But *not* to the anticipated ‘collapse’ of capitalism.

As we argued in our 2002 pamphlet, SOCIALIST POLICIES AND PRINCIPLES (p 22):

*“Capitalism has of course plunged into recessions before, with dreadful consequences for workers and their families. But sooner or later the system does recover. As the glut of unsold commodities gets disposed of, by dumping at a loss or even by outright destruction, and as capital goods – the means of production – become cheaper, new prospects of profit become evident. With so many unemployed workers around, desperate for jobs even at lower wages, capitalists in time re-enter their markets with a renewed expectation of profits. And so the whole cycle continues, lurching from slump to boom and so on again from boom to slump.”*

As for Socialism, the argument in our 1932 pamphlet, WHY CAPITALISM WILL NOT COLLAPSE .( p4), is as relevant now as it was then.

*“... our work has been made more difficult by the idea that Capitalism may collapse of its own accord... Workers who have accepted this wrong and lazy idea of collapse have neglected many activities that are absolutely essential.”*

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## Israeli Capitalism

It would have been naive in the extreme to hope that the Jews, in setting up their own nationalist, capitalist state in 1948, would behave any differently from the rest of the capitalist world. The same militarism and barbarity and territorial ambitions have characterised their conduct from the start. Despite all the talk of suffering the Holocaust, any hope that they had learned any human standards neglected by the rest of the capitalist world, has proved to be without foundation. What they have inflicted upon the poor people of Gaza for three weeks was a holocaust.

*“Today Germany – tomorrow the world”* is paralleled by *“God gave this land to us!”* This land being the West Bank, or whatever might fall to armed force.

Israel continued its barbarous assault on Gaza in defiance of world condemnation and United Nations demands for a cease-fire. Also, against United Nations resolutions, tiny Israel, with a population of just over 7 million and an area of 20,000 square kilometres (less than 10 per cent of the area of the UK), has an arsenal of nuclear weapons believed to number 200 or more bombs [Federation of American Scientists – see [www.fas.org/nuke/guide/Israel/Nuke/](http://www.fas.org/nuke/guide/Israel/Nuke/)].

THE NEW STATESMAN (13 March 2006) carried an article about how *“... the French helped build Israel’s reactor and reprocessing plant at Dimona”*. Also that Britain had *“... sold Israel a whole range of other exotic chemicals, including uranium 325, beryllium and lithium-6, which are used in atom bombs and even hydrogen bombs.”*

The FAS document quoted above details Israel’s determination to take up the ‘nuclear option’ as early as 1949, carrying out geological surveys of the Negev desert seeking uranium reserves.

Capitalism drags all who support it down to a common level, prepared to justify anything in the name of nationalism and its perverse ideologies. As a BBC commentator said, while the killing was in progress, popular support among ordinary Israelis would remain firm unless the body-count of Jews rose heavily. With over 1,000 Gazans killed to 14 Israelis, that was unlikely. Three Israelis died from their own fire.

## America in Support

In the middle of 2008 Israel, using US-supplied planes, bombed Syria. No reason given – there had been no rocket attacks. The BBC was so alarmed that they likened it to Germany attacking Poland in 1939, and said that Israel should be answerable to the United Nations. An American government spokesman said: *“Israel is answerable to nobody”*.



There has been no US condemnation of Israel's widespread bombing of Gaza, and Bush, in one of his last statements as president, said it was part of the war on terrorism.

Up to mid-January, there had been about 900 Palestinians killed, more than one-third of them women and children. The hospitals could not cope with the dying and the wounded. All this, in defiance of world opinion, the UN and the EU. Israel had the only support they needed – that of America! Throughout most of his presidency, Bush had been looking for an excuse to bomb Iran: perhaps Gaza softened his disappointment?

Israel refused to comment on an atrocity on January 4th, when their troops put more than 100 Palestinians into a house in Gaza, and then shelled it, killing 30, according to the UN Office for the Coordination of Humanitarian Affairs. On the last day of their 3 weeks' holocaust (20 January 2009), Israeli shells killed two little brothers, aged 5 and 7. For days after, survivors were still pulling bodies from the rubble.

While this was going on, President-Elect Barack Obama hid behind the cop-out that there is only one US president at a time. He preferred to play whistle-stops on the Lincoln train, en route to his inauguration. Israel timed its pull-out from Gaza to calm the way for events in America. That there was contact between the two can be seen from the way Israel told America not to support a UN resolution on the war, and how the US obligingly complied. It was Egypt, not the mighty USA, that hosted talks aimed at ending the conflict.

The Israeli government vowed to continue its attacks on Gaza: despite a United Nations Security Council resolution demanding a ceasefire, and despite 100 Palestinians dying to every Israeli, their Prime Minister, Olmert, using 500 lb bombs, said *“the military will continue to act to protect Israel's citizens*

”. And where was Blair, the much-publicised, multi-millionaire, United Nations Middle East peace envoy, while all this was going on? He was in Washington being given a medal by George Bush. There was a picture of this ‘historic event’ in THE INDEPENDENT (14 January 2009) under this heading:: THE SPOILS OF WAR – *“parting gift for Bush's brother-in-arms... standing impotently by as Gaza goes up in flames...*

” With both sides as usual claiming that the other side started it, ITN reported (13 January 2009) that Israel fired the first rocket in mid-2008. On January 9th, the Palestinian President, Mahmoud Abbas, urged both sides to reach a deal.

Israeli forces intensified their attacks on the terrified Gazan population, ignoring world appeals for three weeks.

For instance, on January 17th, Israeli forces slaughtered 38 people in a school and lied claiming that firing came from *“near the school”*. But their spokesman would not be pinned down in TV interviews. The same day saw 30 more Palestinians killed while Hamas rockets injured 3 Jews.

The firepower superiority favouring Israel clearly speaks for itself. The Hamas leader, Ismail Hamiyah, with the hypocrisy typical of such upstarts, claimed he was near victory. On January 13th, Israel launched 60 air-strikes, showing ruthless indifference to human suffering. At that stage, more than 900 had been killed – one-third of them women and children.

There was even the threat to widen the conflict when three rockets were fired from Lebanon and Israel fired shells in response. In Gaza the casualties continued to mount. On January 15th, Israeli white phosphorous shells hit a UN building being used by hundreds of Palestinians fleeing their offensive. There was no talk about the violation of so-called international law, banning the use of such weapons, let alone attacks on neutral UN premises - just Israel *“answerable to nobody”*.

Capitalism - *“red in tooth and claw”* – saw David Miliband, Britain's Foreign Secretary, in India that day, trying to defuse tensions with Pakistan. In Gaza on the *“final”* day, with both sides firing rockets and three of Gaza's hospitals having been hit by Israeli shelling, according to BBC reports, Condoleezza Rice got round to talking of a truce.

What had been achieved, apart from death and destruction? The deaths then totalled 1,200, including 346 children and 79 women – with others to be discovered in the rubble. Tens of thousands are homeless, according to the UN

man, John Ging; and half a million people – about a third of the population - were without water for weeks. Israel's many atrocities include the denial of medical aid to the wounded.

Far from having learned anything from experience under Hitler's Germany, Israel has more in common than in difference with that regime. "Arabs must die!" is shouted at Israeli sporting events. Israel has jails for political prisoners and, writing in March 2008, the Palestine Solidarity Campaign produced damning evidence of Israel's brutal atrocities.

## The 'Stop the War Coalition'? – Worthless!

"This organisation and others like them waste precious time dealing with the effects of capitalism, but never see that they are dealing with a social system that creates wars. On January 9th, they handed in a letter to 10 Downing Street, calling for the Labour Government to help stop the fighting, just as Israel bombed Gaza overnight, and the impotent United Nations called for an immediate end to the conflict. 20,000 people marched in London to protest at Israel's barbarity, as BBC NEWS and ITN reported Gazan hospitals full of badly wounded children.

The United Nations Organisation is nothing more than a paper tiger. Like its predecessor, the League of Nations, it is unable to act without the consent of the major powers. With America paying the biggest share of its running costs and its headquarters in New York, it is little more than a talking shop, passing weightless resolutions, which Israel knows it can treat with contempt as long as Washington is on side. Israeli governments continue to ignore UN resolutions of long standing, telling them to give up their nuclear arsenal.

Religion is part of the brain-washing on both sides. Both Jews and Muslims have "*all-powerful*" gods to ensure them of victory. Workers on both sides (and worldwide) should be rejecting religion, the net effect of which is land-grabbing expansionism and militarist nationalism. Until workers pursue their own interests, the wars of capitalism will continue.

Socialism alone can replace hostility with harmony and division with unity. Common ownership of the earth's resources by all mankind will replace competition with co-operation. This will mean a world with no nation-states, no frontiers and no foreigners – just human beings helping each other. The money-profit culture will be replaced with free access to meet human needs.

## A Word to the Wise

My commercial banker friend's comments on the risk of hyperinflation, if the Bank of England pursues 'quantitative easing', were echoed by Jeff Randall in the Daily telegraph (13 February 2009):

*The scale of our problems is at last being recognised by the Bank of England, which has been way behind the curve in forecasting the speed and depth of the recession (sic). Mervyn King, the governor, whose style of communication is that of an Oxbridge professor addressing a village idiot, is preparing the way for unconventional measures to turn back the tide.*

*"It is at this point", as Orwell wrote, "that the special connection between politics and the debasement of language becomes clear".*

*For when the Bank talks of 'quantitative easing', what it really means is printing money: increasing the amount of the paper stuff swishing through the economy.*

*You get more, I get more and, in a flash, we'll all be millionaires. You can see where this is going. From here, all roads lead to Harare.*

PS.

If you have any money to invest, buy wheelbarrows. If hyperinflation does take off, then people will need to transport all their money around somehow - and it worked in Weimar Germany!

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# Why The SPGB Oppose The 'Transition Period' Between 'Capitalism' and 'Socialism'

The question of the “*transition period*” between “*capitalism and socialism*” is not to be confused with the question of socialism as a social system between capitalism and communism which was the official doctrine of the Russian Communist Party and its supporters in the West.

The latter question was opposed by the Socialist Party of Great Britain as having no grounds in the theory of Marx and Engels. They used the terms “*socialism*” and “*communism*” interchangeably. Nowhere did Marx and Engels argue that there was an intermediate social system between the abolition of the wages system and the establishment of common ownership and democratic control of the means of production and distribution by all of society.

What was described as “*socialism*” in Russia was no more than state capitalism. The oppressive machinery of government existed to be used against the working class who were forced to live on wages and salaries. Workers were exploited, in the Marxian sense of the word, at the point of production by producing more social wealth than they received in wages and salaries.

It is true Marx and Engels did have views on the transition between capitalism and Socialism. However, their views were largely concentrated on the question of production and distribution.

Set out below are a few of the views on the transition period expressed by Marx, Engels and the Socialist Party of Great Britain.

It should be observed that the views of Engels changed between 1875 and 1891. This is to be expected because the need for a transition period and its length depended upon several factors, including the development of society’s powers of production and the growing political maturity of the working class. The development of the means of production is no longer the question. The period of change from capitalism to socialism will be the revolution consciously carried out by a working-class majority.

In his CRITIQUE OF THE GOTHA PROGRAMME, Marx divided Communism into a first phase and a higher phase.

The first phase would in Marx’s view last for a considerable time because time would be needed to allow for the productive forces of society to be expanded: “*proportionally with the multiform development of the individuals of whom it is made up*” (Kerr edition).

Only in the higher phases of Communism would “*society inscribe upon its banners: 'from everyone according to his capacities, to everyone according to his needs'* ”(Kerr edition).

In his SOCIALISM - UTOPIAN AND SCIENTIFIC, written in about 1880, Engels made his statement that after the dispossession of the capitalist class:

*State interference in social relations becomes in one domain after another, superfluous, and then dies out of itself: the government of persons is replaced by an administration of things, and by the conduct of processes of production. The State is not “abolished”. It dies out.*

George Allen and Unwin edition, 1892, p. vii

This indicates that, at that time, Engels’s view was that the transition period would take a considerable time, but not as prolonged as Marx had indicated in 1875. In 1891, Engels had reached the conclusion that, if a transition period is needed at all, it would be short (see his 1891 Appendix to Marx’s WAGE-LABOUR AND CAPITAL).

Having described the division of capitalist society into a small, extremely rich capitalist class and a working class

“hardly, or not at all protected against extreme want”, Engels wrote:

*Such a state becomes every day more absurd and unnecessary. It should be removed, it can be removed. A new order of society is possible in which the present class differences will be a matter of the past and where – perhaps after a short, not quite satisfactory, but morally very useful transition period – by means of designed utilisation and further improvement of the existing vast productive power of all members of society, with equal obligation to work, will be given, in equal degree and in constantly growing abundance, the means to live and enjoy life, to develop and exercise all physical and intellectual capacities.*

When the Socialist Party of Great Britain was established in 1904, it produced an Object and set of principles binding on all members of the party. The sixth principle discussed the question of the machinery of government. This principle argues:

*That as the machinery of government, including the armed forces of the nation, exists only to conserve the monopoly by the capitalist class of the wealth taken from the workers, the working class must organise consciously and politically for the conquest of the powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic.*

Note, this passage did not talk of the machinery of government being “*immediately abolished*”. What the passage said was that the machinery of government would be “converted” from an instrument of minority class power protecting private property ownership into “*the agent of emancipation*”.

In January 1946 an article by McClatchie, ***The Transition Period***, made the case for the immediate establishment of Socialism, after the capture of political power and the dispossession of the capitalist class. The article contained the following passage:

*We have absorbed what Marx and his co-workers gave to the world from their painstaking studies and we have added a good deal ourselves from our studies since Marx, seventy years ago, criticised the Gotha Programme. We have profited from the development that has gone on since his day. One of the most important things we have learnt is that the mass of the people are essentially reasonable, once they understand a problem. For example, workers will put up with considerable hardship and privation during strikes if they are convinced that the strike is necessary.*

The article rejected the idea that distribution in a socialist society would need a system of “*labour tickets*”. The article stated:

*Thus the transition period will not be another social form but only the difficult time of re-organising production and distribution on a socialist basis, settling down to Socialism.*

Finally it is important to stress the purpose of the working class gaining political control. This was set out in the SPGB’s pamphlet, **THE OBJECT AND DECLARATION OF PRINCIPLES** (1975). A passage in this pamphlet argued that:

*It is necessary for a socialist working class to gain political control, but only for the purpose of dispossessing the capitalist class and opening the way for the community as a whole to take over the means of production and distribution and democratically using them for the good of all.*

## **The Economic Crisis and the Workers, 1931**

*Industrial depressions... will not of themselves result in the collapse of the capitalist system... Trade depression arises simply from the over-production of goods in relation to the demands of the market.... Once depression begins, prices of goods are forced down and every holder of goods seeks to realise them at all costs... Many industrial capitalists suffer a decline in their profits owing to curtailed sales, while money-lending capitalists on the whole improve their position. The crisis is overcome simply because the manufacturers close down their factories... Then,*

*when the accumulation of goods has been slowly dissipated, production begins again in response to the newly evinced demand... The Communists believe, and indeed hope, that the crises will wreck capitalism, and they therefore propagate their dangerous doctrine of waiting fatalistically for the breaking-point of capitalism, at which point they will take to the streets and challenge the armed forces... Crises are not the ruin of capitalism, but merely correctives to its contradictions. Capitalism and its crises can, and will, go on indefinitely until the workers take conscious steps to end the system*

THE SOCIALIST STANDARD, July 1931

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# Words and Their Meanings

Just as a traveller needs a good map, so too does a writer – or indeed anyone who is trying to explain something, to communicate ideas to others. A map, however useful it was a few years ago, will fairly soon become out of date: new roads will have been built, and even new towns will have sprung up in open countryside. An out-of-date atlas will still show the boundaries of states which have since disappeared or been absorbed by other states.

Likewise with dictionaries: a dictionary is a catalogue of words and their current meanings. Language is constantly changing, with new meanings being attached to words, with new usage becoming common while the old meanings and usage fade into oblivion, and new words enter the vocabulary. So, just as one feels the need to get a more up-to-date map, to replace one which is no longer useful, likewise with dictionaries.

Some words are tricky – and always have been. As Raymond Williams noted in his book **KEYWORDS - A VOCABULARY OF CULTURE AND SOCIETY**, the word ‘*Socialist*’ has been used to cover a remarkably wide range of meanings, from ‘statist’ (e.g. Labourite nationalisation policies) to ‘liberal’, and even extending to ‘anarchist’. In the 20th century, especially after the 1917 Russian Revolution, ‘*Communism*’ and ‘*Socialism*’ acquired new meanings: ‘Socialism’ being said to be a ‘transition stage’ between capitalism and communism.

And in more recent years, the term ‘capitalism’ has taken on a new, more restricted, meaning. Opposition to capitalism, as in Leftwing street demonstrations or as in the writings of environmentalists like George Monbiot, does not nowadays mean opposition to the wages system, or a desire to overthrow the class system and establish worldwide Socialism/Communism. Another word which Socialists persist in using in its older and wider sense is ‘exploitation’. That too has been hijacked, and is mostly used in relation to extremely low pay, child labour and sweated labour.

## Communist or Socialist?

Even in the early 19th century, Marx and Engels noticed a problem with these words. As Engels noted in his 1888 Preface to the **COMMUNIST MANIFESTO** (1848):

*We could not have called it a Socialist manifesto. In 1847, Socialism was a middle-class movement, Communism a working-class movement. Socialism was, on the continent at least, respectable; Communism was the very opposite.*

In fact, Marx and Engels used both terms: in 1848 they published the **COMMUNIST MANIFESTO**, and many years later Engels wrote a whole section on Socialism in his book **ANTI-DUHRING** – part of which was later published as a pamphlet, **SOCIALISM, UTOPIAN AND SCIENTIFIC**.

In a letter to Karl Kautsky (4 September 1892, Engels told him bluntly just what he thought of the English “*socialist organisations*” such as the Fabian Society. His comments were scathing, and just as relevant today as they were then.

*... a clique of bourgeois “socialists” of diverse calibres, from careerists to sentimental socialists and philanthropists, united only by their fear of the threatening rule of the workers and doing all in their power to spike this danger by*

*making their own leadership secure, the leadership exercised by the “eddicated”... The means employed by the Fabian Society are just the same as those of the corrupt parliamentary politicians: money, intrigue, careerism... These gentry do everything that the workers have to be warned against.*

Marx and Engels – BASIC WRITINGS ON POLITICS AND PHILOSOPHY, Fontana, pp 485-6

That the term ‘Socialist’ had come to be devoid of any real meaning was demonstrated just a few years later. In a speech at the Mansion House in 1895, the Prince of Wales – later King Edward VII – declared: *“We are all Socialists nowadays”* (PENGUIN DICTIONARY OF QUOTATIONS).

Lewis Carroll noticed how all too often words are empty of meaning, as in this ALICE IN WONDERLAND conversation:

*“Then you should say what you mean,” the March Hare went on.*

*“I do,” Alice hastily replied; “at least – at least I mean what I say - that’s the same thing, you know.”*

The March Hare was of course right. It all hinges on whether you understand the actual meaning of the words you are using. Unless you want to mislead people, *“you should say what you mean”* – and of course, mean what you say.

Perhaps Socialists are unusual people in that for us the words we use do convey meaning. In the case of the concept of Socialism, there have been umpteen different definitions.

The Independent Labour Party had as its object, along with various reform proposals: *“the collective and communal ownership of the means of production, distribution and exchange”* The TUC in 1893 voted for Socialism: *“the principle of collective ownership and control of all the means of production and distribution”* - but in 1894 voted to add nationalisation of the land and the mines.

Incidentally, the ILP version was a nonsense since with *“collective and communal ownership”* of the means of production and distribution, there is no need for any ‘means of exchange’ – such as money.

And the TUC seemed unable to distinguish between nationalisation – which is state ownership – and *“collective ownership and control”*.

In 1900, at the first meeting of the Labour Representation Committee, the SDF proposed:

*A party organisation separate from the capitalist parties based upon a recognition of the class war... having for its ultimate object the socialisation of the means of production, distribution and exchange.*

Quoted from T Cliff and D Gluckstein, THE LABOUR PARTY - A MARXIST HISTORY, 1996 ed’n, pp 12,24,27

As this was rejected by Keir Hardie, a group emerged whose sole policy was *“a readiness to co-operate with any party which for the time being may be engaged in promoting legislation in the direct interest of labour”* (ibid., p 27). The Labour Party was opportunist from the start. It took the Labour Party another 18 years before its Clause 1V was adopted. According to Cliff and Gluckstein (ibid., p 54), this marked Labour’s *“commitment to socialism”*.

*To secure for the producers by hand or by brain the full fruits of their industry, and the most equitable distribution thereof that may be possible, upon the basis of the common ownership of the means of production and the best obtainable system of popular administration and control of each industry and service.*

The actual wording of this Clause 1V was, to say the least, cautious and ambiguous, with lots of weasel-words and loopholes for future ‘evasion possibilities’. Interpretations of it were many and varied, including nationalisation, war-time conscription, post-war controls and rationing, and the planned economy, dreamt up by Wilson and George Brown.

Given all these varied definitions of ‘socialism’, we return baffled to our dictionaries. These however have been influenced by the idea that the Bolshevik Revolution had created Socialism. Or was it Communism? Here are a few attempted definitions.



• THE CONCISE OXFORD DICTIONARY (3rd edition, 1934)

**Socialism:**

*principle that individual freedom should be completely subordinated to interests of community... national ownership of land & capital, state distribution of produce...*

Clearly the editors had in mind some ghastly, totalitarian system, such as that in Stalin's Russia or Hitler's Germany.

• THE CHAMBERS DICTIONARY (9th edition, 2003)

**Socialism:**

*The theory, principle, or scheme of social organisation which places the means of production of wealth and the distribution of that wealth in the hands of the community.*

Which was much better, though a bit long-winded. And there was still something missing.

Then we come to that doyen of dictionaries, the OXFORD ENGLISH DICTIONARY, published by the Oxford University Press. We expect great things from the OED but what do we get? Bilge! This is from the COMPACT OXFORD ENGLISH DICTIONARY OF CURRENT ENGLISH (3rd edition, revised 2008):

**Socialism:** *a political and economic theory of social organization which holds that a country's land, transport, natural resources, and chief industries should be owned or controlled by the community as a whole.*

If that is bad, even worse confusion is to be found in its companion volume, the OXFORD COMPACT THESAURUS (2008). That book's list of synonyms for 'Socialism' goes as follows:-

*Leftism, Fabianism, labourism, welfarism, radicalism, progressivism, social democracy, communism, Marxism, Leninism, Maoism [and] Bolshevism.*

Words fail us! This gives a measure of the misleading confusion we are up against – where words are made to “mean” whatever the dictionary editors want them to mean. Truly, an ALICE IN WONDERLAND situation.

There is of course a long-standing and very clear definition of Socialism, to be found in all propaganda – written and spoken – of the Socialist Party of Great Britain. We think it is both clear and comprehensive.

But that is not good enough for these learned lexicographers – compilers of dictionaries. For instance, some of their definitions suggest that Socialism could be established in one country, which is illogical and impractical nonsense. It couldn't work for five minutes, in one country - however big the country. Socialism will be a world-wide social system: it has to be in order to survive. Socialism would be a global system, just as capitalism is – but without the conflicts and class struggle.

The SPGB's concept of Socialism includes something not found in any of the definitions we have quoted above. Neither the dictionaries nor the Labour Party, the TUC, etc, chose to include any reference to democracy: Indeed, some of these definitions suggest strongly that 'Socialism' as they see it would be very undemocratic indeed.

Yet “*Socialism is democratic or it is not Socialism*”. And the SPGB's definition of Socialism is emphatic on this point. We work for one object – not an “ultimate” one, along with various “*in the meantime*” reforms. This is the sole object of the SPGB. And that is why we take care to ensure that all who join us do so, understanding clearly just what we *mean* by 'Socialism':

*... a system of society based upon the common ownership and democratic control of the means and instruments for producing and distributing wealth by and in the interests of the whole community.*

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# Workers Have No Country

The labour market is a competitive arena. Workers under capitalism need work and have to compete with other workers for employment. During a depression with high unemployment, the competition is fierce. It appears that each worker is out for him or her-self.

Recently there has been a spate of refinery strikes across Britain. The strikes have been in support of a mass walkout by energy workers in Lincolnshire angry at the use by employers of workers from other countries. A contract had been won by the Italian company IREM, and they brought in 300 workers from Italy and Portugal to construct a new industrial building at the Lindsey plant owned by the French company, Total. The Unite regional officer, Bernard McAuley, said:

*There is sufficient unemployed, skilled labour wanting the right to work on that site and they are demanding the right to work on that site.*

BBC NEWS, 30 January 2009

And one protester said: “*All we want is for Gordon Brown to fulfil his promise. He said **British jobs for British workers***”. These remarks call for comment.

First, there is no such thing as “*British jobs*” any more than there are “*British workers*”. Capitalists are not in business to give workers a job. They employ workers in order to exploit them so as to make a profit. And when it is not possible to make a profit, capitalists make workers redundant. Capitalists also want to drive wages down. During high levels of unemployment, wages are cut, workers put on part-time working hours, and working conditions reduced.

Second, there is no right to a job. Workers can demand what they like but they are only employed if trade conditions are favourable to the capitalists. Gordon Brown can no more guarantee employment than any other politician. And it is not Gordon Brown’s job to further the interest of workers. His job is to look after the interest of British capitalism and the capitalist class.

Third, look closely at the conditions of the workers from Italy and Portugal. They have to live in a floating slum, cut off from their families. They too are members of the working class, existing in the same exploitative wages system.

Workers should have nothing to do with capitalist politicians and their empty promises. Gordon Brown is an advocate of free trade and free markets. He holds a utopian belief in a world in which commodities and labour move freely around the planet. Already capitalists have taken advantage by using cheap labour abroad and moving companies to countries where there is cheap labour.

That is the nature of capitalism. The solution to social problems like unemployment is the abolition of capitalism. And this requires workers to become Socialists, and not to vote for capitalist politicians like Gordon Brown.

The Socialist Party of Great Britain recognises the necessity for all workers to do all they can to maintain wages and working conditions. This is a part of the class struggle. What Socialists warn against is workers attacking other workers, either between industries, or from one country to another. During the 1984 Coal Strike, the miners wanted the government to support the industry they worked in as opposed to workers working in other energy industries, like gas and electricity.

Workers must attain class solidarity and look at where their problems derive; not from other workers but from the profit system; the contradictions of capitalism, competition in the labour market, and economic crisis with its subsequent depression and high unemployment.

Workers form a majority of the population in every country of the world. They have identical interests. They are all forced to live by selling their mental and physical ability to work, what Marx called their labour power, for a wage

and salary. During the working week, workers produce more wealth than they receive in wages and salaries. This surplus value forms the unearned income of rent, interest and profit.

As a consequence, a worldwide working class confront the world capitalist class over the extent and intensity of exploitation, and politically over the ownership of the means of production. And as long as workers blame or attack other workers the ownership of the means of production will stay with the capitalist class, and the problems facing workers will continue from one generation to the next.

**Workers have no Country. Workers of the World, Unite!**

## **Direct Action and Police Thuggery**

In April, with the G20 international summit in town, London hosted a medley of ‘anti-capitalist’ protest groups. The Home Office via the media warned repeatedly that violence was expected - a self-fulfilling prophecy. The police, in large numbers from various forces, clearly had their instructions. One man, hit by police, died in the street. Many demonstrators were injured. A ‘Labour’ government had again shown its true nature. This is nothing new: the SPGB has consistently warned workers against the suicidal tactic of direct action.

*“Fascism, under other names, is as old as Capitalism, and simply means the readiness of Capitalist Governments, whenever they deem it necessary, to use their power for the violent suppression of an insurgent minority, whether of workers or capitalists... Capitalism without the possibility of such violent uses of power by the ruling class is inconceivable “*

SPGB, Questions of the day, 1932, p 69

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# **Object and Declaration of Principles**

## **Object**

The establishment of a system of society based upon the common ownership and democratic control of the means and instruments for producing and distributing wealth by and in the interest of the whole community.

## **Declaration of Principles**

THE SOCIALIST PARTY OF GREAT BRITAIN HOLDS:

1. That society as at present constituted is based upon the ownership of the means of living (ie land, factories, railways, etc.) by the capitalist or master class, and the consequent enslavement of the working class, by whose labour alone wealth is produced.
2. That in society, therefore, there is an antagonism of interests, manifesting itself as a class struggle, between those who possess but do not produce and those who produce but do not possess.
3. That this antagonism can be abolished only by the emancipation of the working class from the domination of the master class, by the conversion into common property of society of the means of production and distribution, and their democratic control by the whole people.
4. That as in the order of social evolution the working class is the last class to achieve its freedom, the emancipation of the working class will involve the emancipation of all mankind without distinction of race or sex.

5. That this emancipation must be the work of the working class itself.
6. That as the machinery of government, including the armed forces of the nation, exists only to conserve the monopoly by the capitalist class of the wealth taken from the workers, the working class must organise consciously and politically for the conquest of the powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic.
7. That as all political parties are but the expression of class interests, and as the interest of the working class is diametrically opposed to the interests of all sections of the master class, the party seeking working class emancipation must be hostile to every other party.
8. The Socialist Party of Great Britain, therefore, enters the field of political action determined to wage war against all other political parties, whether alleged labour or avowedly capitalist, and calls upon the members of the working class of this country to muster under its banner to the end that a speedy termination may be wrought to the system which deprives them of the fruits of their labour, and that poverty may give place to comfort, privilege to equality, and slavery to freedom.

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